

07.20.07: Lt. Governor Remarks California Commission for Economic Development Meeting

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In California, climate change will pose a myriad of unique problems for our economy. Our crop seasons and growing conditions will change, forcing us to reconsider what, when and where we plant. Our tourism industry will be forced to adapt to a world in which the snow pack is reduced by 30 percent or more, and the window for skiing is shortened considerably. Beach homes may well find themselves afloat as oceans rise. And our state's water system will face severe compromise as runoff slows and saltwater is pushed into the Delta. Everything we know about water will be changed.

This is the potential of our reality. But it does not have to be a death sentence for economic vitality of the state. To the contrary, I believe that through tough choices and wise planning we can build a robust economy that actually produces lucrative solutions to combat global warming. This Commission for Economic Development can become a key part of that future.

As Rick Baum stated earlier, our statutory purpose is to provide bipartisan support and guidance to the Governor and Legislature regarding the economic development of California. In meeting that purpose, I strongly believe our mission can, and should, be to drive the growth of positive economic development in ways that provide long-term benefits. We must tackle issues that truly matter, and that will make a difference.

Initially, over the next 12 months I want us to focus our resources and energy on two specific areas that are critical to this state. Both are related to the problems we will face as global warming and the search for clean, renewable energy take center stage around this planet.

The first area involves creating a sustainable growth economy, one that implements the promise of AB 32 and puts California at the forefront of the development and implementation of new, sustainable technologies. The second is closely related: How can we best educate our prospective and existing workforce to support a sustainable growth economy and to excel in global competition?

Let me expand on the sustainable growth economy concept. It begins with the fuels that we use. The damage to our environment caused by carbon based fuels is evident, and it is clear that we must expeditiously turn to renewable, cleaner fuels. This will be difficult, but the means are there. Massive amounts of money are invested each year into the

production of carbon based fuels. Why can't that money be tapped for the research and development of sustainable fuels? After all, an economy that grows its energy supplies by developing these alternatives is an economy that can be sustained over the long term.

The economy I envision keys on energy efficiency measures. It will encourage consumers to modify their energy consumption behavior. It will encourage the development of wind power, solar/photovoltaics, hydro power, fuel cells, biomass, and flywheel power systems. It will focus on hybrid vehicle technology, car sharing and telecommuting. And in this sustainable economy we will construct new homes, and rebuild older ones, using energy efficient construction designs.

This new economy will be an incubator for sustainable technologies, providing incentive to grow our ports, our manufacturing and our agriculture industries in ways that protect our planet's resources.

California, more than any other state, stands to benefit from the development and implementation of clean technology. We already have the infrastructure to lead in this coming industrial revolution - a thriving technology base, abundant business talent, access to capital, and, thanks to the Governor and the Legislature, proactive environmental policies. We can, and should, become a virtual magnet for clean technology businesses. In 2003 the state received \$339 million in venture capital clean tech investment; more than any other U.S. State or region, and 29 percent of the North American total.

But all of this can't be done in a vacuum. The growth of this new, sustainable economy requires leadership. As I mentioned earlier, the Governor and the legislature have established admirable standards in pursuit of a greener economy. AB 32, the Global Warming Solutions Act of 2006, is a landmark piece of legislation that has vaulted California to the forefront of the battle against greenhouse gases. Title 24 sets energy efficiency standards for residential and non-residential buildings that promise to be vital in the fight against global warming. SB 1078 creates a Renewable Energy Portfolio that requires California to generate 20 percent of its electricity from renewable energy no later than 2017.

This is good, responsible leadership on a critical issue, perhaps the critical issue of our time. Our commission will help guide future policies and actions that will continue our movement toward a sustainable growth economy. But, there are many obstacles that we will face along this path, including the population growth of California and the infrastructure that will be required to accommodate it. We will need to find efficient methods to overcome these obstacles.

The state Department of Finance recently issued projections showing that the population of California is expected to increase 75 percent by mid-century. This will put tremendous pressure on various aspects of our society. Housing must be built; new schools must be created; and our modes of transportation must be expanded to relieve pressure on our already overburdened highway system.

This is where the educational component of the Commission's agenda arises. We must educate our workforce to not only compete in what will become an increasingly skilled global economy, but also to help build the infrastructure of tomorrow. I have traveled to seven CSU system campuses on a Listening Tour in recent months. The purpose is to determine how best to ensure that the workforce of tomorrow receives the training it needs to compete and keep California's economy growing. During this tour, business leaders, educators, students and community leaders have all told me that university courses must be in tune with the needs of our economy.

Today, for instance, California faces a severe shortage of skilled nurses - some 14,000 positions need to be filled. Our higher education systems simply do not have the capacity to train all of these nurses, forcing many candidates to wait years before an opening in a training course comes open. These are the types of problems we will face as our economy evolves.

California has long benefited from the spirit of innovation and the entrepreneurship of its residents. Our extraordinary university system has driven progress and put us at the forefront of so many emerging industries. And importantly, our state has taken the lead in environmental protection. We must continue to seek out ideas and policies that allow us to continue our global leadership and ensure a high quality of life for everyone who lives in this great state.

As Commissioners, your vast experience and expertise will be invaluable to our efforts to address these topics and

identify other issues important to California's economic growth. I encourage each of you to share your ideas with me and the Commission staff. Together, we will make this organization a catalyst for progress, and create successful policies that promote economic development in California.

-Lt. Governor Garamendi